

February 1, 2005

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Ex Parte Notification
CS Docket No. 98-120

Dear Ms. Dortch:

Belo Corp. submits the attached policy statement as a supplement to the above proceeding. In short, Belo believes that action by the Federal Communications Commission on February 10 with respect to multicast must carry rules is premature. Significantly, the upcoming FCC decision on these rules will have a profound impact on how Americans will access local news and information in the future. Given the importance of this decision, the FCC should postpone action until the new FCC Chair and Congress have had the opportunity to comprehensively consider all of the issues surrounding the transition to digital television.

Sincerely,

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DL:jr
Enclosure

cc: Commissioner Michael Powell
Commissioner Kathleen Abernathy
Commissioner Kevin Martin
Commissioner Jonathan Adelstein
Commissioner Michael Copps

BELO

A Policy Statement by Robert W. Decherd
Chairman, President & CEO of Belo Corp.

There is a matter that deserves urgent attention in Washington that will have a profound impact on how Americans receive news and information for many years to come. The path chosen will largely determine the quality and shape of the national discourse on important matters of the day for our country.

The Nation's local broadcasters have spent the better part of a decade preparing to transition from the analog broadcasting of our signals to a digital form of broadcasting. Digital television (DTV) brings unparalleled picture quality to viewers and affords broadcasters the opportunity to serve our communities in new and exciting ways by transmitting multiple channels of programming and other data from a single signal – a feature not found in analog technology.

The digital conversion has not come without significant costs. Broadcasters have invested billions in transitioning the country's local television stations from analog to digital, and Belo alone has invested close to \$90 million to convert its stations. We have committed to this without the promise of additional viewers or the ability to command higher advertising rates. Yet, the transition is critical so that the broadcast industry can remain relevant in this new digital era up against competitors in the cable, satellite and wireless industries.

I am immensely proud of the leadership Belo Corp. has provided during this transition, especially in 1998 when WFAA-TV in Dallas/Fort Worth became the *first* commercial television station in the United States to transmit a digital television signal. Several of Belo's senior executives, including myself, have participated in various industry and government initiatives to advance the digital transition. Yet despite this leadership, we have maintained a relatively low profile, largely supporting industry efforts and preparing our stations for the digital conversion.

Now, given what is at stake and the direction these issues seem to be taking, I've concluded that Belo must address these issues in a more outspoken manner. From the moment broadcasters began converting to digital, there has been an intense debate as to when we should return to the government the additional spectrum that was loaned to us for the transition. There are those who are clamoring for a hard date to be set for the spectrum return, arguing that without it, broadcasters will never return the spectrum to the government. Belo has *always* acknowledged, and stated publicly, that the additional spectrum is a loan for the transition period and that we have no desire to keep this spectrum any longer than necessary. We support the long-term plan by policymakers and others to auction the returned spectrum for new wireless services and, most importantly, for use by our Nation's public safety community.

Unfortunately, with all of the consternation as to whether **broadcasters** are ready to make the conversion and give back the spectrum, very little attention has been placed on the impact that this transition will have on **virtually all Americans**. One issue that needs much more attention by all concerned is how to transition the 20 million American households that rely exclusively on over-the-air television and will need to purchase a new television set or a digital converter box once their analog set ceases to operate. A related topic is how the second and third television sets that are found in most homes will be converted to digital. There are proposals circulating in Washington on these points, and hopefully we will find a viable solution so that these citizens will not lose all access, in whole or in part, to news, information and entertainment once the digital transition is complete.

An even more important matter that has received scant attention is how we ensure in the digital era that the public continues to have access to diverse local news and information in their communities. Arguably, the question of who ultimately controls the dissemination of information has received the least discussion from policymakers, yet it will have the greatest long term impact on our democratic society. Maintaining the unique and important role that local broadcasters play in delivering news and information to the various communities we serve, and the role we play daily in the national discussion on political and other important subjects, is inextricably linked to this issue.

Decisions currently are being made in Washington as to the level of carriage that broadcasters will have in the new digital environment as relates to cable operators and satellite providers. These decisions will have significant influence on what relationship, if any, Americans will have with those who control the delivery of their local news and information. The broadcast industry has asked that the Federal Communications Commission grant "must carry" rights for the entire stream of our licensed digital signal, so that in addition to the programming channel you get in analog today, viewers will have the ability to receive other local channels that we might provide, for example, news, local sports, weather or even foreign language channels. To date, the FCC has ruled that only the primary stream of programming must be carried, which is the exact same carriage requirement that cable and satellite have today. This approach has significant negative ramifications for consumers, broadcasters and the government. Broadcasters will be severely disadvantaged in our ability to reach the communities we serve; an uneven playing field will be created between broadcasters and competitors in the cable and satellite industries, putting at risk the continued viability of local broadcasting; the DTV transition will be slowed because we need to offer consumers more than pretty pictures to help drive set sales; and consumers will be deprived of the benefits of digital television technology.

As a company, Belo believes fervently in the free market. But we are also realistic about the vagaries of competing in a regulated industry – which broadcasting is and must continue to be. The key is for us and all local television licensees to be able to continue to invest profitably in the businesses we've built in a well-defined compact with the federal government *and* thereby be able to reinvest in the news and information franchises that are our reason for being from a public policy standpoint.

Without full digital must carry, I believe the government sets in motion an information delivery infrastructure that will be controlled by just seven companies – the five dominant cable companies and the two satellite companies. Given that 85% of Americans subscribe to one of these services and receive their broadcast signals directly through them, the cable and satellite companies operate as the gatekeepers between the local broadcaster and local communities we serve. In the transition from analog to digital television service, maintaining the local broadcasters' ability to reach these viewers is vital to the health and vibrancy of America's unique free system of broadcasting and is critical to the ability of viewers to receive news and information from a multitude of sources. With their gatekeeper status and their ability to control access to information for their subscribers, cable operators and satellite providers should be required to carry the entire digital stream of broadcast programming, thus allowing broadcasters to provide multicast services to consumers.

Absent must carry rights for our entire programming stream, local broadcasters will be relegated to 20th Century uses of technology when our competitors are encouraged to and do operate in a 21st Century environment. In fact, our competitors already are investing in ways to use digital technology to develop new revenue streams. Two examples are Time Warner's recently announced partnership with Sprint to offer new wireless services, and the cable and telephone industry development of Voice over Internet Protocol (VoIP). Broadcasters, on the other hand, often are chastised for being innovative when it comes to using the digital spectrum and are hampered from making further investments because a regulatory framework is not in place to give us the certainty we need to create and deliver new products and services to our viewers.

Many will argue that television group owners like Belo are well positioned to negotiate with cable and satellite providers to ensure carriage of their entire digital stream. This is dead wrong. Indeed, our experience has been just the opposite. Cable operators possess the market strength necessary to dictate terms most favorable to them, and given their capacity to maintain a monopoly status as a programmer and a transmitter, they have no motivation to agree to carry the entire pipeline of broadcast programming. Local broadcasters' ability to provide consumers with any new service does not presently exist, since multicasting cannot be financially viable reaching only the 15 percent of the population that does not subscribe to cable or satellite. Notably, the broadcast *networks* still fare well. They are able to leverage the cable properties they own with their owned and operated television stations, and are therefore able to negotiate favorable

retransmission consent agreements. This is not a criticism of the broadcast network/cable negotiation or relationship. It merely is recognition of the realities of the existing marketplace.

We have reached a critical juncture in the digital transition where we have two paths to choose from. One path will lead to an abundance of local news and information delivered to American citizens by a variety of sources, thereby increasing discussion and knowledge of these issues by society. The other path will lead to a decrease in the number of diverse sources providing local news and information and the eventual control of news and information by just a few companies. We must decide whether the country is well-served by having a plethora of voices in 200-plus television markets with at least two local owners in each market, where there are local newspapers also competing to provide news and information. Or do we make policy decisions that allow only seven companies to largely determine the future of news and information in our country. Preserving localism, maintaining a free press and encouraging an even playing field when it comes to how we receive news and information should not be a difficult decision. Unfortunately, the path that some are suggesting belie the facts.

Local broadcasters and our print colleagues provide important checks and balances to the news and information that we receive every day from *all* sources at the local and national level. Some of these other sources are established journalists working for established journalistic organizations; others are not. Given the instantaneous manner in which Americans receive news and information, having a trustworthy and independent counter-balance is critical to a vibrant national discussion on important issues. Every day, Americans are bombarded with information from more and more sources and at a much faster pace than anyone could have anticipated. It is impossible to filter all of the information that we now receive instantaneously, and to determine which information is reliable. In addition to delivering news and information, local broadcasters and newspapers provide an invaluable service to their communities by distilling this information in a manner that is usable and understandable. The editors within these professions often separate fact from fiction and reality from fantasy to help their viewers and readers get the credible information they need, and, at the same time, deliver information in a manner that reflects the values of their local community. While errors can and are made in this process, they always are quickly brought to light. The impact of peer review and criticism should not be discounted nor should we take for granted the effect it has on maintaining journalistic integrity. Without a vibrant local media, all of this will be lost and we will have to rely on the judgment of a few to serve the needs of the many.

Over the next four years, our government will be faced with many significant policy decisions that will impact our Nation. As relates to telecommunications policy, the Bush Administration already has begun to lay the important groundwork necessary so that the next generation of the telecommunications industry will flourish, and Belo applauds the President's vision on these issues. We earnestly hope that the Administration and Congress will apply this same level of enthusiasm toward local broadcasters as we transition to digital television service. The Federal Communications Commission will continue to play a crucial role in guiding the industry and consumers through this conversion. The decisions of the five FCC Commissioners will establish the future of communications policy and determine how Americans receive their news and information; who is appointed to this important body deserves very serious deliberation.

Belo, like other broadcasters, is excited about digital television. This is a watershed moment for the industry and we intend to take full advantage of it for the benefit of local citizens. We are confident that we can marry quality journalism and a healthy respect for the values of the communities we serve with the advances that digital technology brings. As has always been the case in the history of the broadcast industry, the government can either foster or hinder the ability of local broadcasters to serve our communities. We do not intend to abandon the compact we have with the government or our viewers for use of the spectrum. We hope that the policies enacted in 2005 will allow broadcasters like Belo to continue operating within this compact and permit every citizen to benefit from the opportunities that digital television can bring to the broadcast industry and America's local communities.